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**Canopius Managing Agents Ltd
Syndicate 260
Various****Revised Syndicate Business Forecast**

Further to the Auction Disclosure dated 27 September, a revised Syndicate Business Forecast (**SBF**) for 2011 has been agreed by Lloyd's. The final SBF includes higher ultimate loss ratios than those previously indicated, with a net ultimate loss ratio of 75% (71%). This reflects the fact that Lloyd's believe it is inappropriate to take credit for all of the identified underwriting improvements at this stage. This changes the forecast result from a profit of £1.2m into a loss of £0.7m.

2008 - 2010 Years of Account

As previously disclosed, Canopius Managing Agents Limited has commissioned an independent actuarial review of the reserves of Syndicate 260. In the light of the preliminary findings of the draft report, the forecast ultimate loss ratios for the open years of account will be increased when the third quarter QMA/B returns are submitted. This increase is expected to be in the region of 3.5%, 5.0% and 5.0% of gross written premiums (Lloyd's basis) for the 2008, 2009 and 2010 years of account respectively.

Comment: We continue not to recommend support of Syndicate 260 for the 2011 year of account.

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